

Low-Income Programs

The conference agreement on the Republican budget resolution includes nearly \$8.0 billion in mandatory funding increases for low-income programs over five years, none of which were included in the House resolution. The Senate budget resolution, in contrast, contained mandatory spending increases that were larger than the conference agreement. The conference agreement stands in stark contrast to the House Democratic alternative, which provided \$37 billion over five years to expand mandatory programs and refundable tax credits serving working families and vulnerable people. For example, the Democratic alternative included expansions to the Title XX Social Services Block Grant, the Earned Income Tax Credit (EITC), benefits for legal immigrants, Food Stamp Program improvements, Medicaid and SCHIP expansions, expansions to the Child and Dependent Care Tax Credit, and a new refundable long-term care credit.

For key appropriated low-income programs, the conference agreement freezes or cuts funding, similar to funding levels provided by the House budget resolution. The Democratic alternative, on the other hand, maintained the current purchasing power or increased funding for key discretionary programs including large increases for Head Start, child care, and Section 8 housing vouchers.

- ***Title XX Social Services Block Grant***— Relative to current law, the conference agreement increases funding for Title XX by \$50 million for 2001 and \$1.0 billion over five years. The House resolution funded Title XX at its current law levels, while the Senate resolution provided an additional \$100 million for 2001 and \$3.4 billion over five years. The Democratic alternative also substantially increased funding for Title XX, providing \$150 million more in 2001 and \$750 million more over five years.
- ***Earned Income Tax Credit (EITC)*** — Similar to the Senate budget resolution, the conference agreement expands the EITC, reflecting changes related to elimination of the marriage tax penalty. The conference agreement increases annual EITC outlays by \$1.3 billion per year beginning in 2002, relative to a baseline projection of current law, for a total increase of \$5.3 billion over five years. The total EITC expansion is even larger, since these outlays reflect only the refundable portion. The associated change in revenues is reflected within the tax cut assumed by the conference agreement. The House resolution included unspecified tax cuts of at least \$150 billion and did not indicate how these cuts would be achieved. The Democratic alternative, in contrast, specified \$9.9 billion over five years in EITC expansions to create a “third tier” for families with three or more children; to expand the credit for families with two or more children; and to mitigate the marriage tax penalty.
- ***Section 8 Housing Assistance*** — Like both the House and the Senate budget resolutions, the conference agreement assumes full funding of all expiring Section 8 housing vouchers.

The House Democratic plan not only would have maintained all existing Section 8 contracts, but also would have funded an additional 40,000 incremental vouchers.

- **Child Care** — Discretionary funding for the Child Care and Development Block Grant (CCDBG) falls below a hard freeze under the conference agreement, assuming that cuts within Function 600 (Income Security) are distributed across-the-board. (See also *Function 600*). In 2001, the CCDBG would experience a 7.4 percent loss in real purchasing power, eliminating child care subsidies to 22,000 low-income children with working parents. The conference agreement does not increase mandatory child care funding, unlike the Senate resolution which provided an additional \$817 million in mandatory child care funds for 2001. The Democratic alternative increased funding for the CCDBG by \$500 million for 2001 and by \$2.7 billion over five years. It also substantially expanded the Child and Dependent Care Tax Credit by \$7.1 billion over five years to make the credit refundable, to increase the credit for low- and middle-income families, and to extend the credit to parents who stay at home with an infant.
- **Head Start** — Like the House resolution, the conference agreement freezes funding for Head Start, eliminating services to more than 40,000 children by 2005. (See also *Function 500*). The Senate resolution increased Head Start funding for 2001 by either \$155 million or \$255 million (the exact increase was unclear in descriptions of the Senate plan). The Democratic alternative, on the other hand, provided a \$1.0 billion increase for Head Start in 2001 to serve an additional 70,000 children.
- **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Low Income Home Energy Assistance Program (LIHEAP)** — Appropriations for both WIC and LIHEAP falls below a hard freeze under the conference agreement, assuming that cuts within Function 600 (Income Security) are distributed across-the-board. (See also *Function 600*). In 2001, these programs experience a 7.4 percent loss in real purchasing power. As a result, in 2001 WIC will serve 558,000 fewer women, infants, and children, and LIHEAP will cut assistance to nearly 300,000 low-income households. The Democratic alternative maintained the current purchasing power of both of these programs.
- **Reserve Fund for S-CHIP and Medicaid** — The conference agreement includes a reserve fund increasing spending slightly for Medicaid and S-CHIP by \$50 million for 2001 and by \$250 million over five years (2001-2005), relative to projections of current law. This is about half the increase provided in the Democratic alternative or the House resolution. Money in this reserve fund may be released by the Budget Committee chairman of the House or Senate.

These increases were first proposed by Rep. Tammy Baldwin (D-WI) and Rep. Ken Bentsen (D-TX) to expand access to affordable health insurance for vulnerable people. The reserve fund may be used for the following program improvements:

- 1) ***Accelerated Medicaid and S-CHIP Enrollment*** — The conference agreement: (a) allows additional sites to enroll children immediately (presumptive eligibility) in the programs; (b) allows sharing of school lunch eligibility information; and (c) requires states to simplify and align their Medicaid and S-CHIP enrollment processes.
- 2) ***Medicaid Cancer Treatment for Uninsured Women*** — The conference agreement includes a state option for Medicaid coverage and immediate eligibility for uninsured women who are diagnosed with breast or cervical cancer through the Centers for Disease Control's screening program.
- ***Disabled Children's Reserve Fund*** — Unlike the House resolution, the conference agreement includes a reserve fund for health programs designed to allow children with disabilities to obtain access to home health services and enable their parents to seek employment. The reserve allows increased spending of \$25 million for 2001 and \$150 million for 2001-2005.
 - ***Other House Democratic Initiatives for Vulnerable People*** — In addition to the provisions noted above, the Democratic alternative included several other expansions to programs serving working families and vulnerable people. It restored Supplemental Security Income (SSI) benefits, food stamps, and Medicaid to certain legal immigrants who lost assistance due to the 1996 welfare law, providing \$60 million in 2001 and \$3.8 billion over five years for these benefit restorations. In addition, the Democratic alternative included \$10 million in 2001 and \$1.1 billion over five years for Food Stamp Program improvements. Finally, it assumed changes to the federal child support program to increase collections and pass on more support to families, which increased federal costs by \$309 million over five years.